

## **CORRECTED FISCAL NOTE**

### **HB 352 - SB 1085**

March 20, 2001

#### **SUMMARY OF BILL:**

- Expands the definition of *farm equipment and machinery* in TCA 67-6-102(9) to include flat bed trailers used for over-the-road transportation in the nursery business or the cattle business.
- Exempts such trailers from the sales tax by expanding the above definition.

#### **ESTIMATED FISCAL IMPACT:**

On February 12, 2001, we issued a fiscal note on this bill, which indicated that:

The impact of this bill is a decrease in state revenues that exceeds \$100,000 and a decrease in local government revenues that exceeds \$27,500. The estimate assumes, based on the 1997 Census of Agriculture in Tennessee, there are approximately 76,000 farms; of which, approximately 760 farms purchase a trailer each year and the average price of each trailer is approximately \$2,500. The estimate further assumes the average sales tax revenue generated from the sale of each trailer is \$150 for the state and \$36 for local governments.

Based upon additional information provided to us by the Department of Agriculture, the estimated fiscal impact of the bill is:

**Decrease State Revenues - Exceeds \$75,000**

**Decrease Local Govt. Revenues - Exceeds \$28,000**

Estimate assumes the following:

- Based on information provided by the Department of Agriculture, there are approximately 50,000 cattle farms and 354 nurseries in Tennessee.
- Approximately 1% or 504 farms and nurseries [50,354 x 1%] purchase a trailer each year.
- The average price of each trailer is approximately \$2,500.
- The average sales tax revenue generated from the sale of each trailer is \$150 for the state and \$56 for local governments.

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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